



BARTEL
ASSOCIATES, LLC

**PERALTA COMMUNITY COLLEGE DISTRICT
RETIREE HEALTHCARE PLAN**

June 30, 2010 GASB 45 Actuarial Valuation
Final Results

John Bartel and Doug Pryor
Bartel Associates, LLC

March 21, 2011

AGENDA

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BENEFIT SUMMARY

	Peralta Federation of Teachers (PFT)	Local 39 & SEIU	Non Union
■ Eligibility	<ul style="list-style-type: none"> ■ STRS retirement ■ Age 55 with: <ul style="list-style-type: none"> • Hired < 7/1/04: 5 YOS • Hired ≥ 7/1/04: 10 YOS 	<ul style="list-style-type: none"> ■ PERS retirement (Service or Disability) ■ Age 50 w/ 10 YOS 	<ul style="list-style-type: none"> ■ STRS retirement: <ul style="list-style-type: none"> • Age 55 w/ 10 YOS ■ PERS retirement (Service or Disability): <ul style="list-style-type: none"> • Age 50 w/ 10 YOS ■ Trustees are eligible for Retiree Healthcare Benefits
■ Medical Benefit	<ul style="list-style-type: none"> ■ Hired < 7/1/04: District paid full coverage for lifetime of retiree ■ Hired ≥ 7/1/04: District paid full coverage for lifetime of retiree but not past participant age 65 ■ Includes prescription drug benefit 		
■ Surviving Spouse	<ul style="list-style-type: none"> ■ Self paid participation available for the following periods: <ul style="list-style-type: none"> • Hired < 7/1/04: for life • Hired ≥ 7/1/04: until age 65 		



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BENEFIT SUMMARY

	Peralta Federation of Teachers (PFT)	Local 39 & SEIU	Non Union												
■ Medicare Premiums	<ul style="list-style-type: none"> ■ District covers Medicare Part A & B premiums if eligible for District paid benefit¹ 														
■ Life Insurance	<ul style="list-style-type: none"> ■ Coverage: Age 50 through age 65 ■ Amount: 1.5 x Pay, \$100,000 maximum 														
■ Dental / Vision	<ul style="list-style-type: none"> ■ None ■ Certain medical coverage includes dental and/or vision coverage (see Premiums Section for details) 														
■ Pay-As-You-Go Costs	<table border="1"> <thead> <tr> <th>Fiscal Year</th> <th>CAFR</th> <th>Revised</th> </tr> </thead> <tbody> <tr> <td align="center">2009/10</td> <td align="center">\$ 9.0 million</td> <td align="center">\$ 9.7 million</td> </tr> <tr> <td align="center">2008/09</td> <td align="center">5.7 million</td> <td align="center">9.3 million</td> </tr> <tr> <td align="center">2007/08</td> <td align="center">5.4 million</td> <td align="center">n/a</td> </tr> </tbody> </table>			Fiscal Year	CAFR	Revised	2009/10	\$ 9.0 million	\$ 9.7 million	2008/09	5.7 million	9.3 million	2007/08	5.4 million	n/a
	Fiscal Year	CAFR	Revised												
	2009/10	\$ 9.0 million	\$ 9.7 million												
	2008/09	5.7 million	9.3 million												
2007/08	5.4 million	n/a													

¹ Effective March 31, 2012 District will require Medicare enrollment (currently not required).



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DATA SUMMARY

Participant Statistics
June 30, 2010

	PFT	Local 39	SEIU	Non Union	Total
■ Actives					
• Count	312	85	298	86	781
• Avg age	53.8	48.4	47.9	52.7	50.8
• Avg service	11.4	9.7	10.3	6.6	10.3
• Avg pay	\$ 80,520	\$ 44,980	\$ 49,394	\$ 107,244	\$ 67,718
• Total payroll (000's)	25,122	3,823	14,720	9,223	52,888
■ Retirees					
• Counts					
➢ Under 65	23	13	61	21	118
➢ Over 65	<u>394</u>	<u>47</u>	<u>126</u>	<u>42</u>	<u>609</u>
➢ Total	417	60	187	63	727
• Avg age	76.5	71.7	71.4	70.6	74.3
• Avg retirement age ²	63.5	61.0	60.0	61.0	62.2

² Excludes 56 surviving spouses.



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DATA SUMMARY

Participant Statistics
June 30, 2008

	PFT	Local 39	SEIU	Non Union ³	Total
■ Actives					
• Count	323	83	313	79	798
• Avg age	53.4	49.2	47.9	53.9	50.9
• Avg service	11.2	10.4	10.3	7.3	10.4
• Avg pay	\$ 80,500	\$ 43,900	\$ 48,600	\$ 101,600	\$ 66,300
• Total payroll (000's)	26,004	3,645	15,209	8,029	52,887
■ Retirees					
• Counts					
➢ Under 65	19	10	46	11	86
➢ Over 65	<u>370</u>	<u>44</u>	<u>103</u>	<u>33</u>	<u>550</u>
➢ Total	389	54	149	44	636
• Avg age	76.2	72.3	71.2	71.8	74.4
• Avg retirement age	63.5	61.7	60.0	60.5	62.3

³ Includes 26 actives with "MGR" union code and 12 with "CONF" union code.



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CLAIMS

CoreSource Claims Information

(Amounts in 000's)

	Actives	Retirees	Total
■ 2010/11 Rate Development from CoreSource <ul style="list-style-type: none"> • Claims • Fixed Costs • Total • Retirees 	\$ 6,604 <u>607</u> 7,211 435	\$ 3,097 <u>500</u> 3,597 370	\$ 9,701 <u>1,107</u> 10,808 805
■ 2009/10 Update from CoreSource <ul style="list-style-type: none"> • Claims • Fixed Costs • Total • Retirees 	\$ 5,388 <u>n/a</u> n/a 373	\$ 5,382 <u>n/a</u> n/a 458	\$ 10,770 <u>n/a</u> n/a 831
■ 2009/10 Peralta <ul style="list-style-type: none"> • Claims • Fixed Costs • Total • Retirees 	n/a <u>n/a</u> n/a 328	\$ 5,555 <u>53</u> 6,208 413	n/a <u>n/a</u> n/a 741



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CLAIMS

CoreSource

2010/11 Expected Claims/Expense Cost Development

(Amounts in 000's)

	Total
■ 2009/10 Retiree Claims	\$ 5,382
■ Expenses (10%)	<u>538</u>
■ Subtotal for 2009/10	5,920
■ Trend Factor for 2010/11	<u>x 1.12</u>
■ 2010/11 Projected Retiree Claims/Expenses⁴	6,630

⁴ Assumes no increase in retiree counts during 2010/11.

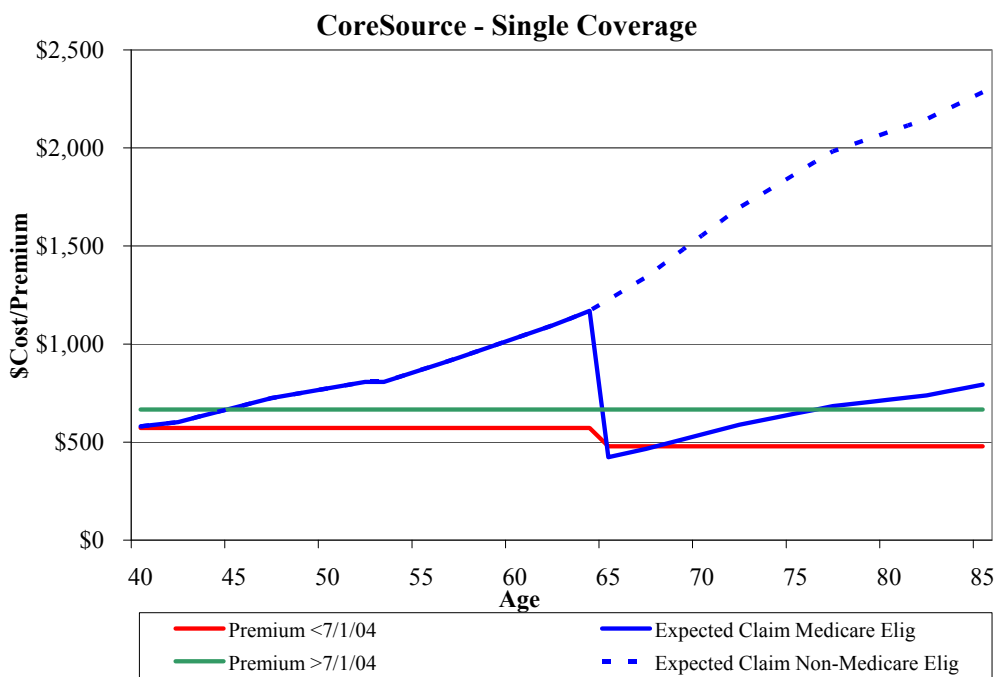


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CLAIMS

CoreSource Claims Illustration



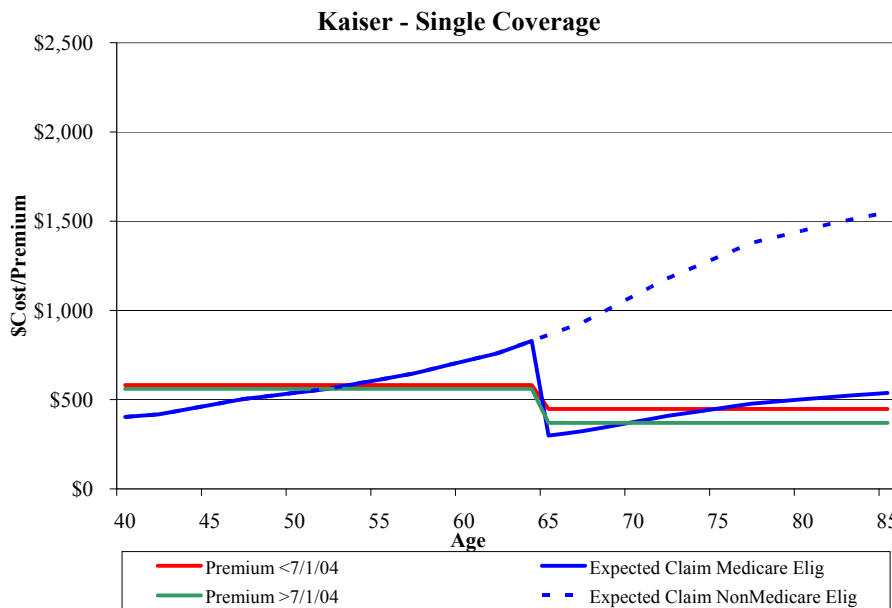
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CLAIMS

Kaiser Implied Subsidy

- Non-Medicare eligible retirees pay active rates instead of actual cost
- Active employee premiums subsidize retiree cost
- GASB 45 includes active “implied subsidy” of retiree costs



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ACTUARIAL ASSUMPTIONS HIGHLIGHTS

	June 30, 2008 Valuation	June 30, 2010 Valuation
■ Valuation Date	<ul style="list-style-type: none"> ■ June 30, 2008 ■ Fiscal Years 2009/10 & 2010/11 	<ul style="list-style-type: none"> ■ June 30, 2010 ■ Fiscal Years 2011/12 & 2012/13
■ Discount Rate	<ul style="list-style-type: none"> ■ 7.0% Assets invested in Retiree Health Benefit Program Fund 	<ul style="list-style-type: none"> ■ Same ■ Based on District intent to collect Annual Required Contribution from employees, then contribute to the Fund.
■ Aggregate Payroll	<ul style="list-style-type: none"> ■ 3.25% <ul style="list-style-type: none"> • CalPERS assumes 3.25% • CalSTRS assumes 4.25% 	<ul style="list-style-type: none"> ■ Same



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ACTUARIAL ASSUMPTIONS HIGHLIGHTS

	June 30, 2008 Valuation	June 30, 2010 Valuation																																																																								
■ Medical Trend	<p align="center"><u>Increase from Prior Year</u></p> <table border="0"> <thead> <tr> <th></th> <th align="center" colspan="2"><u>Non-Medicare</u></th> <th align="center" colspan="2"><u>Medicare</u></th> </tr> <tr> <th><u>FYE</u></th> <th><u>HMO</u></th> <th><u>PPO</u></th> <th><u>HMO</u></th> <th><u>PPO</u></th> </tr> </thead> <tbody> <tr> <td>2009</td> <td align="center" colspan="4">Actual Premiums</td> </tr> <tr> <td>2010</td> <td align="center">9.7%</td> <td align="center">10.5%</td> <td align="center">10.1%</td> <td align="center">10.9%</td> </tr> <tr> <td>2011</td> <td align="center">9.1%</td> <td align="center">9.8%</td> <td align="center">9.4%</td> <td align="center">10.1%</td> </tr> <tr> <td>2012</td> <td align="center">8.4%</td> <td align="center">9.0%</td> <td align="center">8.7%</td> <td align="center">9.3%</td> </tr> <tr> <td></td> <td align="center">↓</td> <td align="center">↓</td> <td align="center">↓</td> <td align="center">↓</td> </tr> <tr> <td>2018+</td> <td align="center">4.5%</td> <td align="center">4.5%</td> <td align="center">4.5%</td> <td align="center">4.5%</td> </tr> </tbody> </table>		<u>Non-Medicare</u>		<u>Medicare</u>		<u>FYE</u>	<u>HMO</u>	<u>PPO</u>	<u>HMO</u>	<u>PPO</u>	2009	Actual Premiums				2010	9.7%	10.5%	10.1%	10.9%	2011	9.1%	9.8%	9.4%	10.1%	2012	8.4%	9.0%	8.7%	9.3%		↓	↓	↓	↓	2018+	4.5%	4.5%	4.5%	4.5%	<p align="center"><u>Increase from Prior Year</u></p> <table border="0"> <thead> <tr> <th></th> <th align="center" colspan="2"><u>Non-Medicare</u></th> <th align="center"><u>Medicare</u></th> </tr> <tr> <th><u>FYE</u></th> <th align="center" colspan="2"><u>HMO & PPO</u></th> <th align="center"><u>HMO & PPO</u></th> </tr> </thead> <tbody> <tr> <td>2011</td> <td align="center" colspan="3">Actual Premiums</td> </tr> <tr> <td>2012</td> <td align="center">9.5%</td> <td align="center"></td> <td align="center">10.0%</td> </tr> <tr> <td>2013</td> <td align="center">9.0%</td> <td align="center"></td> <td align="center">9.4%</td> </tr> <tr> <td>2014</td> <td align="center">8.5%</td> <td align="center"></td> <td align="center">8.9%</td> </tr> <tr> <td></td> <td align="center">↓</td> <td align="center">↓</td> <td align="center">↓</td> </tr> <tr> <td>2020+</td> <td align="center">5.0%</td> <td align="center"></td> <td align="center">5.0%</td> </tr> </tbody> </table>		<u>Non-Medicare</u>		<u>Medicare</u>	<u>FYE</u>	<u>HMO & PPO</u>		<u>HMO & PPO</u>	2011	Actual Premiums			2012	9.5%		10.0%	2013	9.0%		9.4%	2014	8.5%		8.9%		↓	↓	↓	2020+	5.0%		5.0%
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■ Data Adjustment	<ul style="list-style-type: none"> ■ n/a 	<ul style="list-style-type: none"> ■ Liability for CoreSource retirees loaded 10% to reflect missing data. 																																																																								
■ Mortality, Withdrawal, Disability, Retirement	<ul style="list-style-type: none"> ■ CalPERS 1997-2002 Experience Study ■ CalSTRS 2007 Experience Study 	<ul style="list-style-type: none"> ■ CalPERS 1997-2007 Experience Study ■ Same 																																																																								



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ACTUARIAL ASSUMPTIONS HIGHLIGHTS

	June 30, 2008 Valuation	June 30, 2010 Valuation
<p>■ Medicare Participation</p>	<p>■ 100%</p> <p>■ Everyone will elect Part B coverage</p>	<p>■ Current actives:</p> <ul style="list-style-type: none"> • 100% • Assumes District always contributed to Medicare and retirees required to enroll when eligible. <p>■ Current retirees:</p> <ul style="list-style-type: none"> • Approximately 10%⁵ of current retirees are not covered by Medicare • 100% assumed to be enrolled in future

⁵ Medicare enrollment not directly provided by District. Medicare enrollment based on retirees with current Medicare reimbursement or premium reported which reflects enrollment.



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ACTUARIAL METHODS

	June 30, 2008 Valuation	June 30, 2010 Valuation
<p>■ Cost Method</p>	<ul style="list-style-type: none"> • Entry Age Normal 	<ul style="list-style-type: none"> • Same
<p>■ Amortization Method</p>	<ul style="list-style-type: none"> • Level percent of payroll 	<ul style="list-style-type: none"> • Same
<p>■ Actuarial Value of Assets</p>	<ul style="list-style-type: none"> • None (pay-as-you-go funding policy) 	<ul style="list-style-type: none"> • Same
<p>■ Amortization Period</p>	<ul style="list-style-type: none"> • Initial UAAL – Fixed 30 years from 2007/08 • Benefit Changes – Fixed 30 years • Assumption Changes - Fixed 20 years • Gains/Losses – Fixed 15 years • Total payment not less than 30 year combined payment. 	<ul style="list-style-type: none"> • Same



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ASSET INFORMATION

Retiree Health Benefit Program Fund Asset Reconciliation
January 2006 through June 2010
(000's Omitted)

	2005/06	2006/07	2007/08	2008/09	2009/10
■ MVA (BoY)	\$ -	\$ 150,475	\$ 176,154	\$160,571	\$ 123,982
• Employer Contribution	150,307 ⁶	2,015	-	-	-
• Benefit Payments	(1,000)	-	(5,800)	-	-
• Expenses					
> Fees/Commissions	(391)	(745)	(828)	(769)	(736)
> District Paid	161	360	381	345	361
• Investment Return ⁷	<u>1,398</u>	<u>24,049</u>	<u>(9,335)</u>	<u>(36,165)</u>	<u>20,909</u>
■ MVA (EoY)	150,475	176,154	160,571	123,982	144,517
■ Approx. Net Return	1%	15%	-6%	-23%	16%

⁶ Initial contributions in January 2006.

⁷ Balancing item based on other entries provided by Neuberger Berman.



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ASSET INFORMATION

Investment Policy

Asset Class	Strategic Target	Tactical Range	Benchmark
Fixed Income ⁸	35%	30% – 40%	Lehman Aggregate Index
Large Cap Equity	30%	25% - 35%	S&P 500 Index
International Equity	20%	15% - 25%	MSCI EAFE Index
Small Cap Equity	10%	5% - 15%	Russell 2000 Index
Real Estate	5%	0% - 10%	NAREIT Equity REIT Index

⁸ Includes cash.



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ASSET INFORMATION

Asset Allocation

	District Fund	CalPERS
■ Domestic Equity (6.5%)	40%	24.5%
■ International Equity (7.0%)	20%	24.5%
■ Real Estate (4.75%)	5%	10%
■ Alternative Investments (4.0%)	0%	14%
■ Fixed Income (2.5%)	30%	20%
■ Inflation Linked Securities (0.0%)	0%	5%
■ Cash (-1.5%)	<u>5%⁹</u>	<u>2%</u>
■ Total	100.0%	100.0%

⁹ Overall District Fund cash assumed to be 5%.



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ASSET INFORMATION

Expected Asset Returns

	District Fund	CalPERS
■ Real return	4.91%	4.81%
■ Inflation	<u>3.00%</u>	<u>3.00%</u>
■ Total Return	7.91%	7.81%
■ Expenses ¹⁰	<u>-0.75%</u>	<u>-0.30%</u>
■ Net Return	7.13%	7.51%
■ Assumption	7.00%	7.75%

¹⁰ 40 basis points investment management fees, 10 for transaction fees, and 25 for plan administrative fees.



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RESULTS

Actuarial Obligations

(Amounts in 000's)

	6/30/2008	Proj. 6/30/2009	6/30/2010	Proj. 6/30/2011
■ Present Value of Benefits				
• Actives	\$ 82,349		\$ 96,525	
• Retirees	<u>70,681</u>		<u>147,637</u>	
• Total	153,031		244,162	
■ Actuarial Accrued Liability				
• Actives	53,323		66,227	
• Retirees	<u>70,681</u>		<u>147,637</u>	
• Total	124,005	\$ 130,503	213,864	\$ 221,198
■ Actuarial Value of Assets	-	-	-	-
■ UAAL	124,005	130,503	213,864 ¹¹	221,198
■ Normal Cost¹²		4,246		4,341
■ Pay-As-You-Go Cost¹²		6,803		11,446

¹¹ For primary sources of increase since 6/30/2008 valuation, see slide 27.

¹² 6/30/2009 column is for 2009/10.

6/30/2011 column is for 2011/12.



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RESULTS

Annual Required Contributions (ARC)

June 30, 2010 Valuation

(Amounts in 000's)

	6/30/08 Valuation		6/30/2010 Valuation	
	2009/10	2010/11	2011/12	2012/13
■ ARC - \$				
• Normal Cost	\$ 4,246	\$ 4,384	\$ 4,341	\$ 4,482
• UAAL Amortization	<u>8,162</u>	<u>8,428</u>	<u>16,023</u>	<u>17,331</u>
• Total	12,408	12,812	20,364	21,813
■ Projected Payroll	54,606	56,381	54,607	56,382
■ ARC - %				
• Normal Cost	7.8%	7.8%	7.9%	7.9%
• UAAL Amortization	<u>14.9%</u>	<u>14.9%</u>	<u>29.3%</u>	<u>30.7%</u>
• Total	22.7%	22.7%	37.3%	38.7%



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Actuarial Obligations and Assets

(Amounts in 000's)

	July 1, 2005	June 30, 2008	June 30, 2010
■ Present Value of Benefits	\$ 133,821	\$ 153,031	\$ 244,162
■ Actuarial Accrued Liability	103,236	124,005	213,864
■ Non-GASB 45 Assets	<u>(150,307)¹³</u>	<u>(160,571)</u>	<u>(144,517)</u>
■ AAL Less Non-GASB 45 Assets	(47,071)	(36,566)	69,347

¹³ Includes initial contributions made in January 2006.



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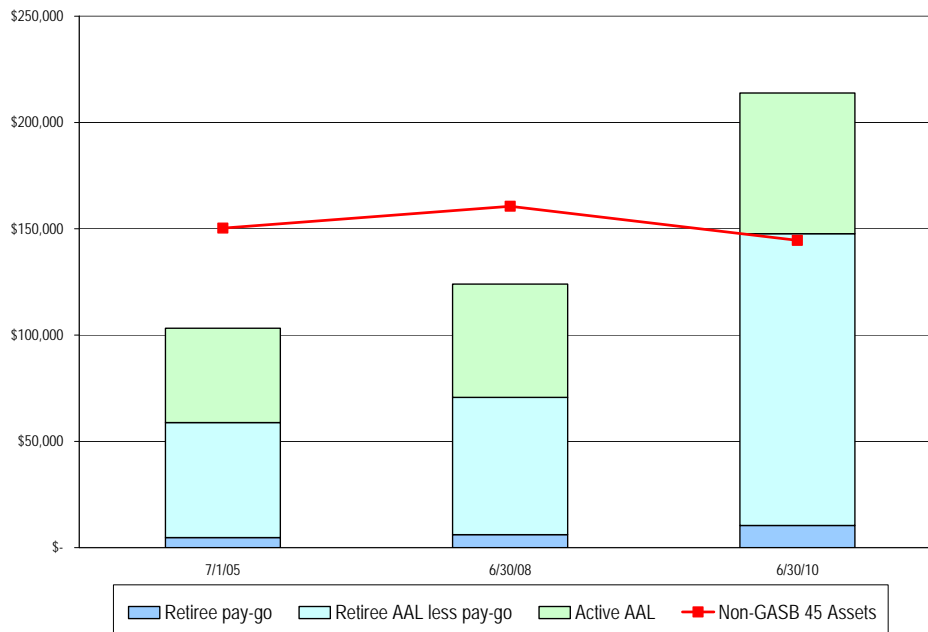
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Actuarial Obligations and Non-GASB 45 Assets

(Amounts in 000's)



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RESULTS

Annual Required Contributions (ARC) with Non-GASB 45 Assets

June 30, 2010 Valuation

(Amounts in 000's)

	2011/12	2012/13
■ ARC - \$		
• Normal Cost	\$ 4,341	\$ 4,482
• UAAL Amortization ¹⁴	<u>4,894</u>	<u>5,053</u>
• Total	9,234	9,534
■ Projected Payroll	54,607	56,382
■ ARC - %		
• Normal Cost	7.9%	7.9%
• UAAL Amortization	<u>9.0%</u>	<u>9.0%</u>
• Total	16.9%	16.9%

¹⁴ UAAL amortized over 20 year period (same period as aggregate GASB 45 ARC amortization period).
No adjustment to projected 6/30/2011 assets for contributions or benefit payments during 2010/11.



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RESULTS

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RESULTS

Amortization Base Balances

(Amounts in 000's)

	6/30/08 Valuation		6/30/2010 Valuation	
	6/30/2009	6/30/2010	6/30/2011	6/30/2012
■ June 30, 2005 Valuation				
• Initial UAAL	\$ 117,666	\$ 118,918	\$ 120,030	\$ 120,986
■ June 30, 2008 Valuation				
• (Gain)/Loss	15,401	15,085	14,702	14,246
• Assumption Changes	(4,251)	(4,236)	(4,209)	(4,171)
• Plan Amendment	1,686	1,708	1,728	1,746
■ June 30, 2010 Valuation				
• (Gain)/Loss	-	-	46,109	54,082
• Assumption Changes	-	-	<u>42,838</u>	<u>42,687</u>
■ Total	130,503	131,475	221,198 ¹⁵	229,577

¹⁵ For primary sources of increase since 6/30/2008 valuation, see slide 27.



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Amortization Base Payments

(Amounts in 000's)

	6/30/08 Valuation		6/30/2010 Valuation	
	2009/10	2010/11	2011/12	2012/13
■ June 30, 2005 Valuation				
• Initial UAAL	\$ 6,985	\$ 7,212	\$ 7,446	\$ 7,688
■ June 30, 2008 Valuation				
• (Gain)/Loss	1,394	1,439	1,486	1,534
• Assumption Changes	(312)	(323)	(333)	(344)
• Plan Amendment	96	99	103	106
■ June 30, 2010 Valuation				
• (Gain)/Loss	-	-	4,172	5,095
• Assumption Changes	-	-	<u>3,149</u>	<u>3,252</u>
■ Total	8,162	8,428	16,023	17,331



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RESULTS

Estimated Net OPEB Obligation (NOO) Illustration
No Pre-Funding Projection
 (Amounts in 000's)

	CAFR 2009/10	2010/11¹⁶	Estimate 2011/12	Estimate 2012/13
■ Estimated NOO at Beginning of Year	\$ 9,851	\$13,243	\$16,586	\$25,165
■ Annual OPEB Cost				
• Annual Required Contribution	12,408	12,812	20,364	21,813
• Interest on NOO	-	927	1,161	1,762
• Amortization of NOO	-	-	<u>(1,501)</u>	<u>(2,337)</u>
• Annual OPEB Cost	12,408	13,738	20,024	21,237
■ Contributions				
• Benefit Payments	9,016	10,395	11,446	12,467
• Trust Pre-Funding	-	-	-	-
• Total Contribution	9,016	10,395	11,446	12,467
■ Estimated NOO at End of Year	13,243	16,586	25,165	33,935

¹⁶ Uses June 30, 2008 valuation ARC. District may consider adjustment and/or ARC based on June 30, 2010 valuation.



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Projection
7.00% Discount Rate
 (Amounts in 000's)

Fiscal Year	Begin Year NOO	Contribution			Annual OPEB Cost (AOC)	Payroll	Contrib % of Payroll
		Ben Pmts	Pre Funding	Total Contrib			
2011/12	\$ 16,586	\$11,446	\$ -	\$ 11,446	\$ 20,024	\$ 54,607	21.0%
2012/13	25,165	12,467	-	12,467	21,237	56,382	22.1%
2013/14	33,935	13,485	-	13,485	22,484	58,214	23.2%
2014/15	42,934	14,651	-	14,651	23,768	60,106	24.4%
2015/16	52,050	15,860	-	15,860	25,081	62,059	25.6%
2016/17	61,271	17,070	-	17,070	26,423	64,076	26.6%
2017/18	70,625	18,195	-	18,195	27,797	66,159	27.5%
2018/19	80,226	19,311	-	19,311	29,212	68,309	28.3%
2019/20	90,127	20,469	-	20,469	30,672	70,529	29.0%
2020/21	100,330	21,555	-	21,555	32,178	72,821	29.6%



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RESULTS

Actuarial Gain/Loss Analysis

(Amounts in millions)

	Estimated (Gain)/Loss
■ Experience (Gain)/Loss	
• CoreSource claims adjustment	\$ 49.4
• Kaiser Medicare premium < expected	(7.1)
• Contribution loss	16.6
• Other experience	<u>(12.8)</u>
• Subtotal	46.1
■ Assumption Changes	
• Change in trend	37.0
• Change in decrement tables	<u>5.8</u>
• Subtotal	42.8
■ Total	88.9



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RESULTS

Actuarial Obligations

(Amounts in 000's)

	Cash Subsidy	Implied Subsidy¹⁷	Total
■ Actuarial Accrued Liability	\$ 209,247	\$ 4,618	\$ 213,864
■ Actuarial Value of Assets	-	-	-
■ UAAL	209,247	4,618	213,864
■ 2011/12 Pay-As-You-Go Cost	11,131	315	11,446

¹⁷ Implied subsidy for Kaiser only.



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OTHER ISSUES

- GASB Preliminary Views for pension accounting changes (issued on 6/16/10)
 - Background:
 - Seeks comments on current GASB thinking
 - Not a final accounting standard - followed by an Exposure Draft
 - Similar views expected for OPEB
 - 9/17/10 comment deadline
 - Major issues:
 - Unfunded liability (based on market value) on balance sheet
 - Amortization of active AAL changes over future working lifetime
 - Immediate recognition for retiree AAL changes
 - Deferral of investment gains/losses within 15% of expected return
 - Immediate recognition of accumulated deferred investment gains/losses outside 15% corridor



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OTHER ISSUES

- National Health Care Reform
 - Too early to know impact
- Timing:
 - Present preliminary draft results February 8, 2011
 - Provide revised results March 4, 2011
 - Provide revised results March 18, 2011
 - Provide final results March 21, 2011



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EXHIBITS

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EXHIBITS

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PREMIUMS

Monthly Retiree Premiums / Premium Equivalents¹⁸

2010/11							
Plan	Retirement Date	Non-Medicare Coordination			Medicare Coordination		
		EE	EE+1	Family	EE	EE+1	Family
CoreSource ¹⁹	< 7/1/04	\$572.43	\$1,623.73	\$2,279.88	\$478.71	\$957.36	\$1,906.42
	≥ 7/1/04 ²⁰	666.42	1,488.96	2,236.90	666.42	1,488.96	2,236.90
Kaiser	< 9/1/04 ²¹	582.30	1,164.60	1,647.91	447.48	894.96	1,378.27
	≥ 9/1/04 ²²	560.93	1,121.86	1,587.43	370.13	740.26	1,205.83
Kaiser OOA	< 9/1/04 ²³	n/a	n/a	n/a	847.98	1,695.96	2,179.21

¹⁸ September 1, 2010 through August 31, 2011 rates.

¹⁹ As provided by CoreSource, self insured plan.

²⁰ Premium includes vision coverage.

²¹ Medicare premium includes dental and vision coverage.

²² Premium includes vision coverage, Medicare premium includes dental coverage.

²³ Medicare premium includes vision coverage.



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PREMIUMS

Monthly Active Premiums / Premium Equivalents¹⁸

2010/11			
Plan ²⁴	EE	EE+1	Family
CoreSource	\$666.42	\$1,488.96	\$2,236.90
Kaiser	560.93	1,121.86	1,587.43

²⁴ Plans include vision coverage.



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DATA SUMMARY

Medical Plan Participation
Non-Waived Participants

Medical Plan	Retirement Date	Actives	Retirees	
			< 65	≥ 65
CoreSource	Before 7/1/04	n/a	20%	45%
	After 7/1/04	n/a	40%	13%
	Total	43%	60%	58%
Kaiser	Before 9/1/04	n/a	11%	32%
	After 9/1/04	n/a	29%	10%
	Total	57%	40%	42%
Total		100%	100%	100%



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DATA SUMMARY

Active Medical Coverage

Medical Plan	Single	2-Party	Family	Waived	Total
CoreSource	113	101	114	-	328
Kaiser	168	126	137	-	431
Waived	-	-	-	22	22
Total	281	227	251	22	781



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DATA SUMMARY

Retiree Medical Coverage
Under Age 65

Medical Plan	Retirement Date	Single	2-Party	Family	Waived	Total
CoreSource	Before 7/1/04	6	12	5	-	23
	After 7/1/04	15	22	10	-	47
Kaiser	Before 9/1/04	5	7	1	-	13
	After 9/1/04	19	12	3	-	34
Waived		-	-	-	1	1
Total		45	53	19	1	118



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DATA SUMMARY

Retiree Medical Coverage
Over Age 65

Medical Plan	Retirement Date	Single	2-Party	Family	Waived	Total
CoreSource	Before 7/1/04	130	129	7	-	266
	After 7/1/04	32	42	3	-	77
Kaiser	Before 9/1/04	107	79	2	-	188
	After 9/1/04	30	26	3	-	59
Waived		-	-	-	19	19
Total		299	276	15	19	609



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DATA SUMMARY

Retiree Medical Coverage by Age Group
Certificated

Age	Single	2-Party	Family	Waived	Total
Under 50	-	-	-	-	-
50-54	1	-	-	-	1
55-59	-	2	-	-	2
60-64	10	11	3	-	24
65-69	37	36	5	1	79
70-74	28	53	2	-	83
75-79	45	50	2	-	97
80-84	37	31	3	3	74
Over 85	37	22	-	6	65
Total	195	205	15	10	425
Average Age	77.4	75.3	71.8	84.8	76.4



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DATA SUMMARY

Retiree Medical Coverage by Age Group
Non-Certificated

Age	Single	2-Party	Family	Waived	Total
Under 50	1	-	-	-	1
50-54	2	5	2	-	9
55-59	9	11	6	-	26
60-64	22	24	8	1	55
65-69	21	35	2	2	60
70-74	27	18	-	2	47
75-79	20	11	-	2	33
80-84	25	11	1	-	37
Over 85	22	9	-	3	34
Total	149	124	19	10	302
Average Age	73.7	69.7	61.1	75.8	71.4



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DATA SUMMARY

Actives by Age and District Service
Certificated

Age	District Service							Total
	< 1	1-4	5-9	10-14	15-19	20-24	≥ 25	
< 25	-	-	-	-	-	-	-	-
25-29	-	-	-	-	-	-	-	-
30-34	2	5	2	-	-	-	-	9
35-39	1	12	15	2	-	-	-	30
40-44	-	11	21	6	-	-	-	38
45-49	1	6	15	10	1	2	-	35
50-54	1	9	21	11	5	3	-	50
55-59	2	8	17	20	10	4	4	65
60-64	1	10	17	15	8	7	16	74
≥ 65	-	3	9	7	3	3	11	36
Total	8	64	117	71	27	19	31	337



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DATA SUMMARY

Actives by Age and District Service
Non-Certificated

Age	District Service							Total
	< 1	1-4	5-9	10-14	15-19	20-24	≥ 25	
< 25	2	2	-	-	-	-	-	4
25-29	1	16	2	-	-	-	-	19
30-34	3	24	6	3	-	-	-	36
35-39	5	32	20	4	1	-	-	62
40-44	1	19	11	9	3	2	-	45
45-49	5	21	13	12	6	7	1	65
50-54	2	23	9	8	13	7	6	68
55-59	1	13	11	11	8	5	20	69
60-64	10	9	6	10	7	4	7	53
≥ 65	-	6	5	4	2	3	3	23
Total	30	165	83	61	40	28	37	444



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DATA SUMMARY

Actives by Age and District Service

Total

Age	District Service							Total
	< 1	1-4	5-9	10-14	15-19	20-24	≥ 25	
< 25	2	2	-	-	-	-	-	4
25-29	1	16	2	-	-	-	-	19
30-34	5	29	8	3	-	-	-	45
35-39	5	45	35	6	1	-	-	92
40-44	1	30	32	15	3	2	-	83
45-49	6	27	28	22	7	9	1	100
50-54	3	32	30	19	18	10	6	118
55-59	3	21	27	32	18	9	24	134
60-64	10	20	23	25	15	11	23	127
≥ 65	-	9	14	11	5	6	14	59
Total	36	231	199	133	67	47	68	781



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DATA SUMMARY

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ACTUARIAL ASSUMPTIONS

	June 30, 2008 Valuation	June 30, 2010 Valuation
■ Medicare Part B	■ HMO trend	■ Same
■ Participation at Retirement	■ Medical: ➤ Currently covered: 100% ➤ Not currently covered: 80% ■ Life: 100%	■ Same
■ Retirement	■ CalPERS 1997-2002 Experience Study <u>Benefit</u> Misc 2% @ 55 (School) <u>ERA</u> 61.4 ■ CalSTRS 2007 Experience Study <u>Benefit</u> Defined Benefit <u>ERA</u> 64.6	■ CalPERS 1997-2007 Experience Study <u>Benefit</u> Misc 2% @ 55 (School) <u>ERA</u> 60.7 ■ CalSTRS 2007 Experience Study <u>Benefit</u> Defined Benefit <u>ERA</u> 64.5



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ACTUARIAL ASSUMPTIONS

	June 30, 2008 Valuation	June 30, 2010 Valuation
■ Medical Plan at Retirement	■ Currently covered: same as current election ■ Not currently covered: weighted average of active premium	■ Same
■ Marital Status	■ Actives: ➤ Currently covered: actual marital status ➤ Not currently covered: 80% married ■ Retirees: Actual marital status	■ Same
■ Spouse Age	■ Males 3 years older than females if spouse birth date not available	■ Same



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ACTUARIAL ASSUMPTIONS

	June 30, 2008 Valuation	June 30, 2010 Valuation
■ Dependents	■ Actives: ➢ Certificated: 10% pre-65 ➢ Non-Certificated: 20% pre- 65 ■ Retirees: same as current coverage	■ Same
■ Medicare D	■ Part D reduction reflected in current premiums / premium equivalents	■ Same
■ Future New Participants	■ None – Closed Group	■ Same



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ACTUARIAL ASSUMPTIONS

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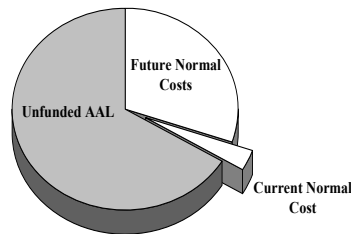
E-16



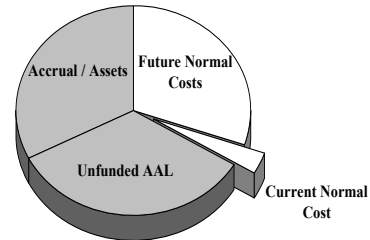
DEFINITIONS

Present Value of Projected Benefits (PVPB)

Without Assets



With Assets



■ PVPB - Present Value of all Projected Benefits

- Discounted value, at measurement date (June 30, 2010) of all future expected benefit payments
- Expected benefit payments based on various actuarial assumptions



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DEFINITIONS

■ AAL – Actuarial Accrued Liability / Actuarial Obligation

- Discounted value at measurement date (June 30, 2010) of benefits “earned” through measurement date based on actuarial cost method
- Portion of PVPB “earned” at measurement

■ UAAL – Unfunded Actuarial Accrued Liability

- AAL not funded by assets (AAL minus assets)

■ NC - Normal Cost

- Value of benefits “earned” during current year
- Portion of PVPB allocated to current year

■ Actuarial Cost Method

- Determines how benefits are “earned” or allocated to each year of service
- Has no effect on PVPB
- Has significant effect on Actuarial Obligations and Normal Cost

■ Pay-As-You-Go Cost (PayGo)

- Cash Subsidy – Actual cash benefit payments to retirees
- Implied Subsidy – Difference between cost of retiree benefits and retiree premiums
- PayGo is the expected retiree benefit payments for the year while Normal Cost is the expense for benefits accrued by active employees during the year



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